



Easing the pressure

The AMP 2022 Financial Wellness report





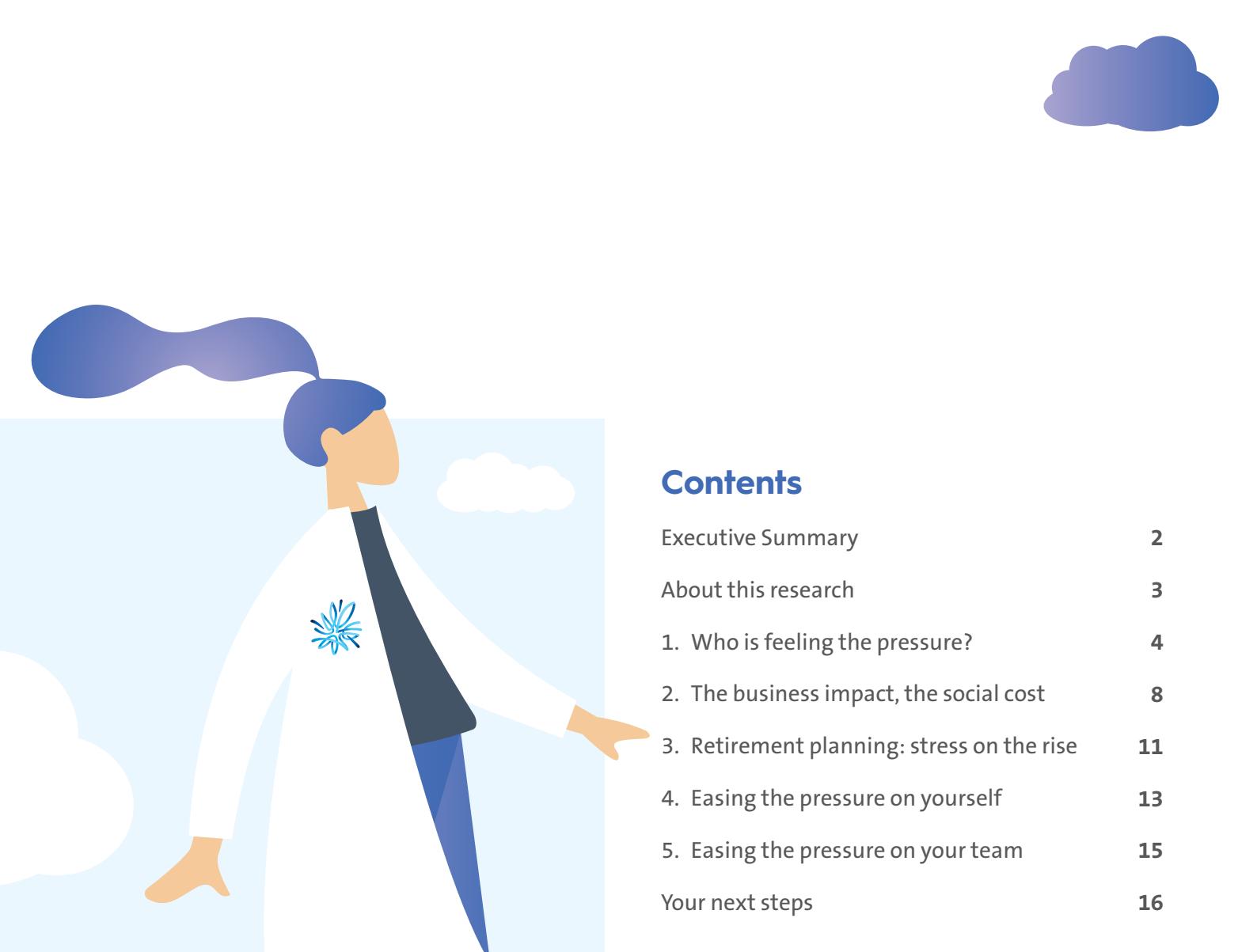
About this Report

Since 1849, AMP has been helping Australians attain and enjoy financial security. So ‘financial wellness’ – an individual’s overall sense of financial health – is something we care deeply about.

We’ve been researching financial wellness in Australia since 2014. This is our fifth wave of research. It’s designed to help employers, financial professionals – even policymakers – boost the financial wellness of the Australian population. It also helps AMP develop financial products, advice, guidance and services that can help make Australians financially healthier in every way – practically, psychologically, in their balance sheets and their lifestyles.

About AMP

AMP is a multi-faceted wealth management company. We help individuals and families with financial advice, superannuation, retirement income and investment products. We also manage superannuation products and services for workplace super and self-managed superannuation funds (SMSFs). This range of services are complemented by a fast-growing retail banking business and a global investment management business. As at 30 June 2022, assets under management for AMP’s Australian Wealth Management business exceeded A\$126 billion.



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Executive Summary



Today, financial stress is higher than ever before. It has almost doubled over the past two years.

- The key drivers of this slump in financial wellness are employees' dissatisfaction with their current financial situation and the practical difficulties of meeting monthly expenses. This stress is compounded by increasing concerns around living costs as a result of volatile investment markets, rising inflation and higher interest rates.
- The Covid pandemic underlies many of these issues – it has created vast emotional and financial uncertainty over the past two years and is now driving economic forces (labour shortages, supply chain bottlenecks, inflation, higher rates) that cloud future financial prospects.
- Unfortunately, the already vulnerable - financially stretched pre-retirees, women and single parents – are even more exposed to these stresses.
- These pressures are also reflected in the way people feel about their retirement. Many now feel they will have to retire with less or work longer before retiring.
- In combination, these issues have created an emotional 'hot-state' for many Australians – a form of mental paralysis which stops people assessing their true situation and doing the 'planning and acting' that could make their lives easier.
- Financial stress has a damaging effect on employees' productivity, reduces their willingness to innovate or undertake discretionary work and, worryingly, reduces their attention to safety in the workplace.
- Our research estimates that the economy-wide costs of financial stress is \$66.8bn – that's twice the 2020 result.

Easing the pressure

Despite these concerning numbers, there is much to be positive about. The vast majority of employees are still highly engaged in the workplace. Over the past two years they have proven their ability to adapt to new work, health and financial challenges.

The opportunity for employers and policymakers is to harness this adaptability and heightened engagement with financial issues. The key is financial education and financial products and services that are easily accessible, tailored and engaging. That combination can help Australians out of their 'hot-state' mentality and give them the skills, attitudes and services they need to ease the pressure.

About this research

Background

Since 2014, AMP has been researching financial wellness. The regular two-yearly waves of research has enabled us to map change and dive into issues – such as retirement – as they evolve over time.

Objectives

- Survey the Australian working population to measure and provide a financial wellness reading on the population. How they “think” and “feel” when it comes to money.
- Understand the mindset of retirees in the current economic climate.
- Help provide employers – but also government and financial services professionals – with a deep understanding of the impact poor financial wellness has on individuals, productivity, society and the economy.

Methodology

Data Collection

Data was collected via online survey interviews between mid and late June 2022. No client financial data was accessed in this research.

Survey Design

The original survey was designed around an academic review of Financial Wellness. A copy of the literature review and references can be obtained from AMP.

Sample

There were 2,013 Australian respondents including 1,717 employees (working full time, part time, or casually at least 3 days a week and aged 18+).

In addition, 296 retirees were included in the sample (not measured in previous waves) to provide greater understanding of Australians’ retirement experience.

Data was post-weighted based on ABS statistics: gender, age, location, working status, and industry.



1: Who is feeling the pressure?

953k
employees* are
severely financially
distressed

2.01m
employees* are
moderately financially
distressed

Weighted data, total sample, n=10,453.

Q: Financial Wellness Index.

*Employees has been defined as Australian population who are currently employed

A broad downturn

Between 2016 and 2020 financial wellness numbers trended positive with the number suffering severe financial stress halving from 6% to 3%. That's a trend to celebrate.

Unfortunately, since 2020 the number suffering severe or moderate financial stress has increased markedly. The number feeling financially secure also dropped sharply. The starker number? In 2022, nearly a million workers are severely financially distressed. The financial stress has a number of causes and that stress has two key characteristics:

- People are dissatisfied with their current circumstances. They feel they will struggle to meet the bills each month and feel guilty they are not where they should be in financial terms.
- They're also worried about the future and the impact of higher interest rates, inflation and more volatile markets.

Our research into the factors underlying these numbers is clear – financial stress is weakening financial wellness, damaging psychological and employee wellbeing and affecting employee performance.

The vulnerable, more vulnerable

As the numbers above suggest, personal, economic and market factors over the past few years have affected financial wellness across the population. Interestingly, it's not just lower incomes workers who suffer. One in five employees earning over \$100,000 per annum are suffering from financial stress.

However, it is the already vulnerable who have suffered most from increasing financial stress.

- In 2020, 19% of **women** were 'severely or moderately financially stressed'. In 2022, it's 27%.
- In 2020, 18% of **part-time workers** were 'severely or moderately financially stressed'. In 2022, it's 26% - a 33% increase.
- In 2020, 13% of **single parents** (aged 30-44) were 'severely or moderately financially stressed'. Today that number has nearly doubled to 25%.

Who is feeling financially stressed?

27%

of women

8% increase
since 2020

26%

of part time
workers

8% increase
since 2020

25%

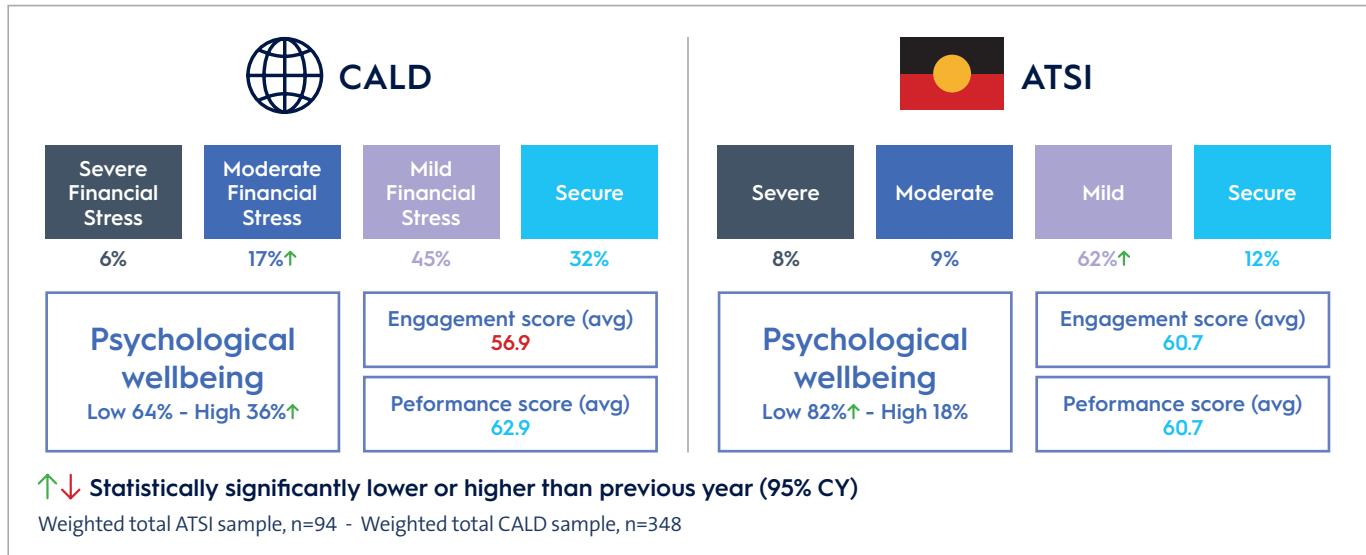
of 30-44
year olds

12% increase
since 2020

CALD and ATSI

Interestingly, research into two demographics that might be perceived to be more vulnerable to financial stress, Aboriginal and Torres Strait Islander (ATSI) people and Culturally and Linguistically Diverse populations (CALD), reveals some positive trends.

Whilst the number of CALD people in moderate financial stress has risen significantly over the past two years, our research suggests their psychological wellbeing has improved over that time.



ATSI employees suffer severe financial stress only 1% more than the general population. While the numbers suffering mild financial stress are high and they are much less likely to be financially secure (21% vs 36%), ATSI workers are highly engaged. Some 50% say they are “bursting with energy at work”. They’re also more likely than the general population to be seeking financial education and to be looking for another job (perhaps in search of additional income to reduce financial stress).

It’s important to place these positive results in context. Other research into financial stress have seen ATSI communities present at a significant disadvantage to the non-Indigenous population in terms of meeting expenses, savings balances and use of financial products and services.



1 in 2 ATSI agree that
‘At my work, I feel like I
am bursting with energy’
 – significantly higher than
 other audiences



However, they feel they
could be enjoying their work
more, if they weren’t stressed
 by their finances (38%), which
 makes challenges at work
 harder to handle (41%)



More ATSI are **actively looking**
for another job, compared to other
 audiences.

This is significantly higher for those
 that are feeling stressed at work due
 to finances, suggesting that looking
 for other jobs with a higher pay is the
 followed solution to the challenge.

EE1r - The following 17 statements are about how you feel at work. Please read each statement carefully and decide if you ever feel this way about your job. EP10r - We would like you to think about your experiences at work during the past month. EP6r - We would like you to think about your current job and rate the extent to which you disagree or agree with the following statements. Weighted total ATSI sample, n=94

59% of older Australians (65+) are worried about their debt levels.

26% feel guilty about their personal finances.

Financial stressors by age

Some of the more telling figures from our research relate to the perception of financial stress amongst age groups. There have been striking increases in the number of older Australians (65+) who are worried about their debt levels (59%), who feel guilty about their personal finances and who worry about their financial security (26%).

A different experience

The different effects of Covid on different workforces has been widely discussed over the past two years, with the ability to work easily from home seen as a key driver of health and income outcomes. It's interesting to see how that has played out in workers' financial concerns.

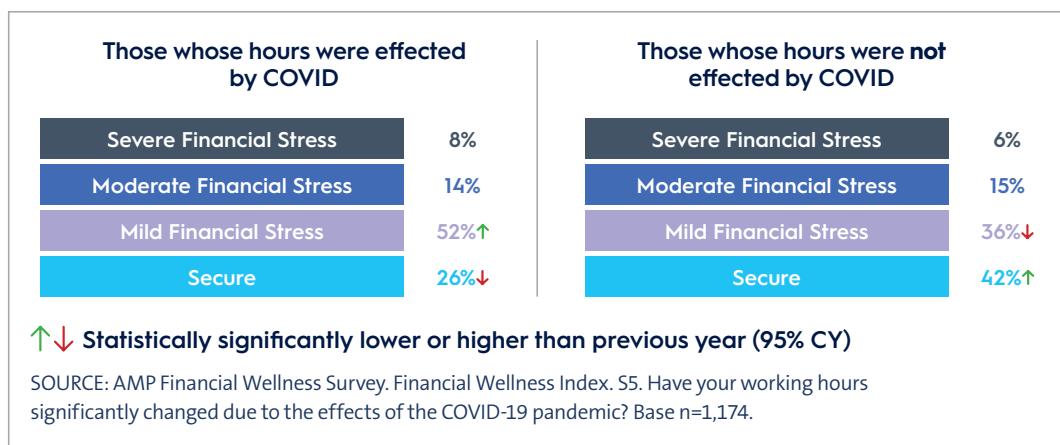
Amongst major industry sectors, those in Wholesale Trade report the highest levels of stress (36%), up from 19% in 2020. This probably reflects the effects of lockdown on Wholesale businesses. Those working in Health Care and Social Assistance and Admin and Support services were also reporting significant stress. Work from home (WFH) specialists - workers in IT and Media, Professions and Technical Services for example - were less hard hit, with around 15% reporting financial stress.

Financial Stress by Industries	2022	2020	2018	2016
Wholesale Trade	36%	19%	14%	12%
Administrative and Support Services	33%	17%	24%	26%
Health Care and Social Assistance	26%	18%	20%	29%
Retail Trade	26%	23%	20% ↓	24%
Transport, Postal and Warehousing	25%	15%	25%	23%
Manufacturing	23%	9%	17%	14%
Financial and Insurance Services	17%	8% ↓	21%	19%
Public Administration and Safety	17%	6% ↓	13% ↓	24%
Information Media and Telecommunications	15%	16%	11% ↓	22%
Construction	15%	18%	18%	18%
Professional, Scientific and Technical Services	13%	7%	13%	11%

↑↓ Statistically significantly lower or higher than previous year (95% CY)

SOURCE: AMP Financial Wellness Survey by industry.

The effects of the pandemic on people's long-term financial planning will echo for years. Interestingly, for some groups, the past two years changed their retirement plans because they were able to save more for retirement. This is particularly true amongst those in the mining and manufacturing sectors where around 60% of workers were able to boost their super savings. By contrast, those working in more Covid-exposed sectors – Health Care and Retail - saved less for retirement over the past two years.



Responding to pressure

Over the past two years, almost all Australians faced events and trends that affected their financial wellbeing.

Our research indicates that some workers are actively responding to these trends.

 Younger people were trying to simplify their finances by setting up auto payments and cutting spending

 Young families were prioritising the mortgage and selling down investments/assets if required.

 Those approaching retirement were looking to reduce spending – with utility bills a prime example.

However across all life stages, the simple but proven approach of following a budget and increasing savings was the way most employees were trying to insulate themselves from the current economic climate.

Retirees have made the following changes in response to current economic conditions

 **45%** follow a budget

 **↑ 44%** significantly reduced spending

 **↑ 34%** review utility costs and try to get a better deal

 **↑↓ Statistically significantly lower or higher than previous year (95% CY)**

2: The business impact, the social cost

The most important implication of AMP's financial wellness research is that it's not just an individual issue. It's an issue for employers, the economy and thus wider society.



21% of employees are prevented from working productively by financial stress. This is almost double 2 years ago.



In the last two months, a **total average of 10.8 work hours per employee** has been spent dealing with financial matters and stress at work.



Their productivity is most impacted by financial stress (31%), with those 55+ least impacted (12%).

Intuitively we recognise that individual crises – illness, family breakdown, the death of a family member - affect the psychological wellbeing of an employee. We know that financial stress has a similarly damaging effect on morale, engagement, decision-making and productivity.

Where it hurts

Let's look at how financial stress affects workers:

- 21% of employees admit their productivity has fallen as a result of financial stress – that's nearly double the 2020 figure.
- Research suggests over 12 hours a week are lost to stress-related absenteeism and 'presenteeism' – employees working at lower productivity due to the effects of financial stress.
- The young's productivity – those 18-29 – is the most affected by financial stress (31%) perhaps due to limited life experience and less time to build up a savings buffer.
- There are gender differences when it comes to dealing with financial stress at work. While women in general have poorer financial health and express more feelings of constant tiredness, they maintain their productivity (only 12% are less productive as against 30% of men). Men also spend significantly more time managing their financial stresses while at work.

- Burdened by financial stress, workers are less safety-focused, with 15-20% of workers saying they pay less attention to safety and risks.
- There is also increasing evidence of people 'retiring at work'. Those nearing the end of their working lives who can't afford to retire due to financial stress are staying 'on the job' and taking a salary but with low motivation, morale and productivity.

**'Retiring at work':
when someone
nearing the end of
their work life can't
afford to retire,
so stays on the
job but with low
productivity.**



Tired and dissatisfied

For employers – and anyone worried about Australia's productivity in an increasingly competitive world - the effect of financial stress on performance is a wake-up call. Today, the number of employees feeling tired and drained all the time at work is back to levels last seen in 2014-2016.

That's having a direct effect on worker performance. On this year's numbers, employees are 5-9% less likely to put in extra hours, ask for a challenging assignment, work harder and pay closer attention to detail. In short, there's been a significant drop in the qualities employers rely on to boost productivity, performance and profits.

56% likely to put in extra hours

41% likely to ask for a challenge

58% likely to work harder when necessary

69% likely to pay close attention to detail

EP4r - We would like you to think about your work, and rate how likely you would be to do the following. Responses range from Not at all likely (0) to Very Likely (10). Weighted total employee sample, n=1316

Positive results and action steps

It's important to put these results in perspective. Australian workers have been lashed by economic dislocation for over two years and this has had predictable effects on financial wellness. Encouragingly, the vast majority – 73% of employees – continue to work to the best of their ability. And general employee engagement – reflected in questions about pride in work, morale at work and pride in their employer - has **not** fallen.

AMP's research also found that the Covid crisis catalysed many workers to reassess their finances and set goals. And we know that having financial goals is correlated to high levels of financial wellness.

There is a clear link between financial stress and unhappy, unmotivated workers. The happier and more productive workplaces are those where more workers feel financially secure.

73%
of employees –
continue to work
to the best of
their ability.

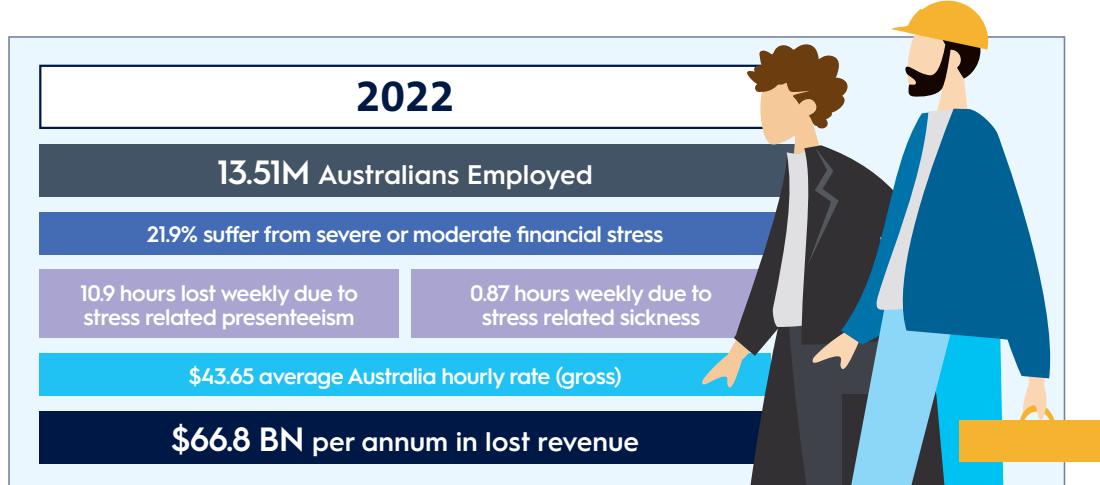
The full cost

AMP's research highlights that there are two key drivers of the downturn in financial wellness:

- employees' dissatisfaction about their current financial situation – in practical terms, the struggle to pay the monthly bills;
- anxiety around the increased cost of living and pessimism about pay increases and prospects.

These two forces have combined to create an emotional "hot-state". A form of paralysis where it's hard to make a realistic evaluation of the situation and plan for the future.

What does this aggregated individual pain mean for the Australian economy? AMP estimates that financial stress costs the economy over \$66 billion a year – doing twice as much damage as it did in 2020.



SOURCE: AMP Financial Wellness Survey. Base n =. Assumes an average of 5 weeks annual leave each year and includes public holidays. Australians employed ABS: 6202.001- Labour Force Australia May 2022. Average hourly rate: ABS xxxx Average weekly earning , Australian (Dollars)

What can employers do?

Hot-state:

Brought on by stress and anxiety and inhibits positive, constructive future planning and evaluation.

Cold-state:

Allows for a more accurate assessment of current circumstances and future events.

Over the past two years employers have been encouraged to focus on enhancing personal interactions with staff to help offset the stress of Covid and the dislocation and alienation caused by Zoom-working. Given the current state of financial wellness in Australia, this engagement needs to continue. Employers need to let their teams know how much they value their work.

However, much more needs to be done to drive change. Given the negative ‘hot-state’ many employees find themselves in, motherhood statements and generic initiatives need to be replaced with action and options that are personalized and easily digestible.

Any tools designed to help employees manage their finances – whether they’re super or investment planning services or forms and calculators – should be designed to make change easy and appealing and to drive action.

Employers will need their line managers, HR teams and super fund contacts to adjust their approaches to suit these new realities. And to integrate Financial Wellness into their broader wellbeing and HR agenda so they can both drive productivity improvement and reduce WH&S risks.

**Simple
and easy to
use tools and
calculators can
help employees
feel more in
control.**

End of section

3: Retirement planning: stress on the rise

Worried about retirement

Not surprisingly, the mix of health concerns, market volatility and employment disruption felt over the past two years – and recent cost-of-living stresses – has bled into people's concerns about their retirement. This slippage is evident in key comparisons with our 2020 research:

-  Employees today expect to retire half a year later than they did in 2020.
-  They expect to retire with \$100,000 less in retirement savings – their total expected retirement saving has fallen from \$500,000 to \$400,000.
-  The number who expect a comfortable retirement has fallen nearly 10%.

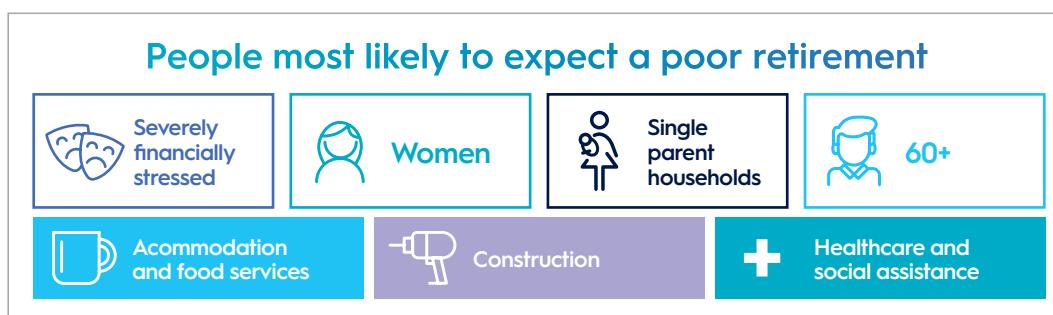
Some 45% of women are particularly concerned about how higher costs will affect their retirement lifestyle

The cost crunch

Over one third (35%) of workers had to change their retirement goals thanks to the impact of the pandemic and the policy responses to it¹ (lockdowns, JobKeeper etc). But it's quite striking that it's more recent economic trends – higher costs and rising inflation - now dominating people's thinking about retirement, especially those who may not have had the opportunity to build their retirement savings over a long period.

Some 45% of women are particularly concerned about how higher costs will affect their retirement lifestyle – a significant increase on 2020. Similarly it is women, single parents and pre-retirees who are more concerned about the damage inflation could do to their life after work.

Nearly 50% of 50–59-year-olds cite this concern, reflecting the perceived damage inflation can do to those who are close to retirement but who feel they haven't saved enough to cope with rising costs. On an industry basis it is workers in areas like Accommodation and Food Services and Health Care and Social Assistance that are most worried about retirement. This too is no surprise as these fields are ones where women are over-represented and part-time work is common.



Fear of running out (FORO)

There's a clear gap between how much people expect to retire with (\$400,000) and what they think they need (\$600,000). That staggering \$200,000 perceived gap is also a potent source of financial stress.

Whilst FORO is real and understandable it's also striking that authoritative sources like Treasury's Retirement Income Review (RIR), suggest that many retirees comfortably outlive their savings.

So this stress may be overdone – and unnecessary. There are implications for employers and the financial services sector here.



We must first recognise that retirement needs are highly personal. So while industry benchmarks are helpful, we shouldn't be placing too much focus on a single retirement number. Employers, advisers and the financial services industry can promote positive actions – yet reduce financial stress – if they help educate employees to better understand their individual retirement financing needs and how to meet them.

The good news is that the financial services sector is already turning to the task of reducing FORO.

A new era in retirement incomes

The RIR led to the introduction of the Retirement Income Covenant – an obligation on super funds to improve retirement outcomes for their members by implementing a retirement income strategy. These strategies, which are now available on the websites of all funds, require funds to work towards:

1. maximising retirement incomes;
2. reducing risks to the stability and sustainability of income;
3. and ensuring retirees still have flexible access to capital.

It is expected that new retirement products – including more flexible lifetime income solutions - will be launched to achieve these objectives. One likely outcome of these new products – and better education – is less FORO.

That in turn means retirees will feel less guilt about spending in retirement and enjoy a better post-work lifestyle.

Engaging with the future

The one positive about the effect the past two years has had on employees' views on retirement is that it has increased engagement with super. Happily, there's been a marked increase in the number of people thinking about and setting goals for retirement.

AMP research also reveals how people will act if a downturn (such as that caused by market volatility or a recession) eats into their retirement capital.

It is clear that most Australians are not prepared to compromise the lifestyle they've dreamed of in retirement.

Many have reduced their current spending. More than 60% say they'd work for longer to avoid that lifestyle downgrade once they finish work. Only a third (34%) would be happy to re-adjust their lifestyle expectations.

This flexibility is good news. It means employees give themselves more time to plan for retirement and craft new working and saving arrangements that help them reach their long-held retirement dreams (even if it's a few years later).



More employees are considering setting financial goals for retirement than ever before

More than 60% say they'd work for longer to avoid that lifestyle downgrade once they finish work. Only a third (34%) would be happy to re-adjust their lifestyle expectations.

Capitalising on engagement

AMP's research is conclusive – the past two years have increased people's fears that retirement won't live up to their expectations and that their non-work lives will be crimped by financial concerns.

- However, the fact that Australians are engaging more actively with their super planning and are prepared to be flexible about reaching their goals is a highly positive development. To take advantage of these trends, the financial services industry, employers, financial advisers and policymakers need to:
- Invest in retirement income education that 'covers the whole board' – looks beyond generic 'needed to retire numbers' to give people a more realistic and less stressful view of their retirement prospects.
- Educate employees about the broader range of tools that can help them fund their retirement – the Age Pension, government benefits such as discount cards, low-cost healthcare through Medicare, property ownership and part-time work.
- As the RIR suggested, 'train' retirees to look beyond the return on their assets as the only source of retirement income. For many retirees it makes sense to draw down on their retirement capital to support their lifestyle – as long as it's done in a disciplined fashion.
- Similarly, help people to 'right-size' their retirement goals – to take into account their income, health, family circumstances, work patterns and lifestyle expectations in ways that encourage positive action rather than worry and anxiety.
- Highlight how effective good financial planning can be in helping individuals ride out the effect of market volatility or short-term economic dislocations.
- Close the circle for employees so they know the impact better savings and spending decisions will have in real terms when it comes to retirement.

21% of employees are not at all confident they will be able to achieve their desired standard of living in retirement.

4: Easing the pressure on yourself

In the rest of this chapter we're going to look at five practical approaches you can take to manage financial stress. But even before we get to these practical tips, there's one massive step you can take to move past financial stress and towards financial wellbeing.

Acceptance

In the past two years, people all over the world have dealt with financial and economic uncertainty, worries about their job prospects and concerns about retirement. As if that wasn't enough, we're now dealing with rising inflation, living costs and interest rates.

In such a world it's normal to be stressed. Even high-income earners can feel the ground slipping from under the feet when it comes to their sense of financial security. The key is not to overanalyse the feelings of financial stress – they're normal. It's to identify ways to control those fears, assuage those stresses and move on. Here are some ideas

1. Find your bearings – clarify your situation, build your budget

Without a clear sense of where you are, you can't take any steps to change your position. Start by clarifying – and writing down – exactly where you are financially. That means contacting your banks, super funds and credit card providers to get a clear picture of your personal balance sheet.

Take a look at both your spending and income. Many bank accounts today have budget/tracking apps that provide a clear view of your spending patterns. The first step here is to put aside some cash for emergencies (3-6 months' income is often recommended).

With all this information at your fingertips – and easy access to digital financial data means you fingertips are where it's at – you'll soon have a real sense of your financial position. So you can stop worrying – and start managing.

Woman are limiting financial impact more than men by reducing spending and cancelling non-essential services.

2. Put yourself first – set your financial goals

Taking control of your money is not just managing the components of a good financial life (budgets, a savings plan, regular super contributions etc). It's having something to aim for. So while good financial management will reduce financial stress, it should also be focused on your goals and your dreams – whether that's a travel-filled retirement, helping your children, or simply not having to worry about money every day. Setting goals makes being disciplined much easier – because it's about you.

Popular financial goals

- | | |
|---------------|-----------------------------------|
| Ages 18-29 | - Purchasing a house |
| Ages 30 to 39 | - Providing security for children |
| Ages 40 to 44 | - Paying off mortgage |
| Pre-retirees | - Saving for retirement |

3. Get help from the experts

There's plenty of research showing that people who draw on expert advice – from financial planners, accountants, super funds and more – are less financially stressed and make better decisions.

All the providers we mentioned above – plus government sources like the ATO website and Moneysmart.org – have free educational material that can help you budget more carefully, invest more prudently, protect your family via insurance and save for retirement. They contain practical tools – checklists, calculators, tips and online learning, designed by experts - to give you greater control over your money.

Some super funds and investment firms offer access to comprehensive financial advice. But there are more limited advice options available that will help you address specific financial issues that are causing you stress. Take advantage of those options.

1 in 2 employees say they're likely to seek professional financial advice in the next 12 months.

Top 5 reasons employees seek financial advice

- | | |
|--|------------|
| 1. Help me with a savings plan | 38% |
| 2. Help me to plan my retirement | 36% |
| 3. To help me manage my investments | 30% |
| 4. To help me make investments | 30% |
| 5. To help me with general financial management | 29% |

4. Make work, work

As we've seen throughout this report, workers who are financially stressed find it harder to focus on work. So it makes sense for your employer to care about your financial position – the more secure you are, the better for you, the better for them.

Talk to HR, your line manager and your super fund – all of them will have avenues you can explore together to build financial security. They could range from financial and psychological helplines, access to cheaper insurances, discounts on goods and services and financial education. Or it could be sophisticated solutions like salary sacrifice options and access to comprehensive financial and insurance advice. These are work-related benefits that can boost your financial wellness – and make you better at your job.

5. Prepare for retirement

As with any journey towards better financial wellness, the path to a more comfortable retirement starts with knowing where you start. Here are some keys to that strategy.

Whether by yourself, with an accountant, financial adviser or help from your super fund, you need to get a clear picture of your pre-retirement financial position: the money you have in super, savings and investments, any debt, your insurance needs and likely spending patterns in retirement.

It's also important you understand the support you can access from government benefits – not just the Age Pension but the pension card and associated discounts.

28%
of employees have
financial goals for
retirement

45%
are confident
they will meet their
desired standard
of living in
retirement

You also need to understand the intersection of the super and retirement income systems as you transition to retirement. That means the tax and social security implications of withdrawing super, making contributions and earning income from work or other investments.

As you can see, knowing where you are in retirement can be complex – but getting advice can make a big difference and ensure you take advantage of all the tax, social security, health and other benefits available to you as you age.

Which is the best source of advice? Obviously, it varies for every individual and the right advice for you will depend on cost, existing advice relationships, your family circumstances, asset base and lifestyle goals. Whether you get comprehensive or limited advice, whether it's from a financial planner, accountant or your super fund, the aim of good advice is to help you define your retirement goals – and reach them.

End of section

5: Easing the pressure on your team

As we've seen throughout this research – and in previous waves – productivity is tied closely to a sense of financial wellness. For employers, helping their teams feel better about their finances is good for their performance and profits. Taking a broader view, it's good for the wider business community as more secure workers are more active consumers.

In short, financial wellness is good for business – and good for society.

How can employers do their bit?

Show the way

Education is key to financial wellness. Employees need both a realistic sense of their financial situation and a roadmap that shows them how to improve it.

Employers can work with their super fund to provide financial education around optimising contributions and tax benefits – including through options like salary sacrifice, spouse contributions, non-concessional contributions and more.

Employers have a real role to play in working with super funds to help their employees get more out of the super system. Importantly, super funds also provide information and services around other aspects of an individual's financial life – such as debt management, budgeting or insurance.

Importantly, good planning around tax, investment strategies and savings discipline can generate more wealth and security for employees – even if the employee's income - or the dollar values going into super – have not increased.



85% of retirees have not undertaken any educational programs in the past two years

Promote helpful options

Employers' HR teams have a crucial role to play here, ensuring that their employees are kept in the loop on any factors that could increase their financial wellbeing – staff discounts, salary packaging

ATSI employees are participating in educational programs more than others

and payment options, financial health checks and counselling. More information may mean employees spend less time worrying about their financial situation – and looking for another job.

Good HR teams will promote government bodies, super funds and other providers who can also help improve financial wellness. Some employers find that getting staff working with and donating to not-for-profits at work can be good for morale and provide perspective about their own financial stresses.

Focus on the relationship

Over the past two years there's been a revolution in the way employers and their teams think about work. For many, it's been a painful process, but as both parties adjust to the new realities (hybrid work, WFH, changing workspaces) employers have the chance to improve financial wellness – and productivity – by taking a more holistic approach to their staff relationships.

Employees value security and abhor uncertainty. Keeping your employees in the loop on company performance might be awkward but employees will value the honesty and the added ability to plan that it provides. Not only that, but a sense of the strategic direction of a business can motivate those who are closer to the customer to do more.

As we've seen throughout this research, a more holistic view of the employee relationship that puts a premium on flexibility, mental health and engagement can create a more secure and productive workforce. And that's good for everyone...

Your next steps

If you're a member of an AMP super fund, now is your chance to close your own intention/action gap and start on the path to better financial wellness.

As mentioned earlier, knowing where you are is key. So why not?

Check your bank and super balance so you understand your starting point

Login to My AMP (or register if you're not already). My AMP is our dedicated member App which features a wide range of information and resources. They'll help you feel better about your finances.

Our website, amp.com.au features practical tips on super, investing, property, managing money and retirement.

It also features a new financial wellness hub which houses a wide range of constantly updated articles on money topics and useful guides and actionable steps. Our insights hub features big picture issues like markets, interest rates, super and tax, and more personal areas like when to retire, how to manage money with a partner and how to pick the right bank account.

In short, it's your personal pathway to financial wellness.



End of section



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